

SIGNING A NOTE PAYABLE

March 13. Signed a 90-day note, 10%, \$5,000.00. Receipt No. 302.

1. Which accounts are affected?

Cash

Notes Payable

Cash	
Normal Balance	
Mar. 13	5,000.00
	↑

2. How is each account classified?

Cash is an asset account.

Notes Payable is a liability account.

Notes Payable

3. How is each classification changed?

Assets are increased.

Liabilities are increased.

Notes Payable	
	Normal Balance
Mar. 13	5,000.00
	↑

4. How is each amount entered in the accounts?

Assets increase on the debit side.

Liabilities increase on the credit side.



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CASH RECEIPTS JOURNAL												PAGE 8
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL		ACCOUNTS RECEIVABLE CREDIT	SALES CREDIT	SALES TAX PAYABLE		SALES DISCOUNT DEBIT	CASH DEBIT	
				DEBIT	CREDIT			DEBIT	CREDIT			
13	Notes Payable	R302			500000						500000	21
22												22
23												23
24												24

1. Date

2. Account Title

3. Receipt Number

4. Principal Amount

5. Cash Received



PAYING PRINCIPAL AND INTEREST ON A NOTE PAYABLE

CASH PAYMENTS JOURNAL										PAGE 11
DATE	ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL		ACCOUNTS PAYABLE DEBIT	PURCHASES DISCOUNT CREDIT	CASH CREDIT		
				DEBIT	CREDIT					
11	Notes Payable	627		5000 00				5125 00	15	
	Interest Expense			125 00					16	

1. Date
2. First Account Title
3. Check Number
4. Principal Amount
5. Second Account Title
6. Interest Amount
7. Maturity Value



SIGNING A NOTE PAYABLE FOR AN EXTENSION OF TIME

GENERAL JOURNAL									
								PAGE 4	
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT				
	1								
5	5 <i>Accounts Payable/Pollard Supply</i>	M47	/	300000					5
6	<i>Notes Payable</i>				300000				6
	2								

1. Debit to Accounts Payable

2. Credit to Notes Payable



CASH PAYMENTS JOURNAL

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DATE	ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL		ACCOUNTS PAYABLE DEBIT	PURCHASES DISCOUNT CREDIT	CASH CREDIT	
				DEBIT	CREDIT				
3	4 Notes Payable	615		300000				309000	3
4	Interest Expense			9000					4
5									5
6									6

